

State of Missouri

Office of Secretary of State

Case No. AP-09-47

IN THE MATTER OF:

CRAIG LAVERNE MCCLASKEY,
CRD# 1990517

Respondent.

Serve: Craig Laverne McClaskey
824 County Road 2275
Moberly, Missouri 65270

ORDER OF SUMMARY SUSPENSION OF AGENT REGISTRATION

On December 1, 2009, Mary S. Hosmer, Assistant Commissioner of Securities and on behalf of the Enforcement Section of the Securities Division of the Office of the Missouri Secretary of State (the "Enforcement Section"), submitted a Petition for Order to Summarily Suspend the Agent Registration of Craig McClaskey. After review of the petition, the Commissioner of Securities issues the following findings, conclusions and order:

FINDINGS OF FACT

1. Edward D. Jones & Co., L.P. ("EDJ") is a Missouri-registered broker-dealer based in St. Louis, Missouri and has an address of 12555 Manchester Road, St. Louis, Missouri 63131. EDJ is registered in Missouri through the Central Registration Depository System ("CRD") with CRD number 250.
2. Craig Laverne McClaskey ("McClaskey") is currently a Missouri-registered agent with EDJ. McClaskey has been registered with EDJ in Missouri through the CRD since May 7, 2001. McClaskey has CRD number 1990517. McClaskey has an address of 824 County Road 2275, Moberly, Missouri 65270.
3. On November 30, 2009, representatives of EDJ contacted staff members, including an investigator, of the Enforcement Section and stated, among other things, that:
 - a. The EDJ representatives received information that McClaskey was named as a beneficiary on a customer's assets;
 - b. based on this information, on November 19, 2009, these representatives went to McClaskey's office to interview McClaskey and to review McClaskey's records;
 - c. during the November 19, 2009 interview McClaskey stated, among other things, that:

- i. McClaskey was the agent for a Missouri resident ("MR") who was a neighbor and was almost like family to McClaskey;¹
 - ii. McClaskey was the beneficiary on some of MR's assets;
 - iii. McClaskey did not tell anyone at EDJ about being named as the beneficiary on MR's assets;
 - iv. McClaskey knew that this was in violation of policies at EDJ;
 - v. McClaskey initiated a change of beneficiary on two of MR's variable annuity policies by contacting the vendor of the annuity, and that McClaskey listed himself as the beneficiary on one of these policies and listed his wife as the beneficiary on the other policy;
 - vi. McClaskey knew that being named a beneficiary to a customer's assets would be a red flag to EDJ;
 - vii. McClaskey or his wife were also named as beneficiaries on MR's mutual fund and an IRA;
 - viii. McClaskey knew that there were other entities that MR wanted her money to go to upon her death and McClaskey stated that he was encouraging MR to finalize this list;
 - ix. McClaskey had several items in his office that were antiques (pocket watches, a Victrola, and furniture) and that McClaskey had inherited these items;
 - x. on November 18, 2009, MR liquidated fifty-two thousand dollars from her account at EDJ to buy property in Florida, and that McClaskey found the property and MR sold a mutual fund and a bond to purchase this property that was in a depressed area, was in foreclosure and was vacant (the "Florida Property");
 - xi. the Florida Property was purchased in both McClaskey's and MR's name;
 - xii. McClaskey purchased the Florida Property to generate income for MR and that MR did not need income; and
 - xiii. upon MR's death the Florida Property would go to McClaskey and that the Florida Property would be his retirement home; and
 - d. McClaskey provided no explanation as to why the Florida Property transaction was suitable for MR.
4. According to the statements of EDJ representatives, on November 19, 2009, representatives at EDJ reviewed McClaskey's client files and found two blank checks from MR's personal checking account in MR's file at EDJ.
 5. According to the statements of EDJ representatives, during the November 19, 2009 review, representatives from EDJ also found a bill of sale or deed transferring MR's

home to McClaskey for one dollar. The document was dated within three months of the death of MR's only son.

6. According to the statements of EDJ representatives, on November 19, 2009, EDJ representatives interviewed McClaskey's branch office assistant who stated, among other things, that:
 - a. MR had talked for years about giving her money to three churches;
 - b. the branch office assistant told MR to "go ahead and get this done;"
 - c. MR was reluctant and said that "Craig [McClaskey] would get upset and would be mad;" and
 - d. several antique items in McClaskey's office were gifted to McClaskey by MR, and these items included pocket watches, furniture, and a Victrola.
7. According to the statements of EDJ representatives, on November 19, 2009, during McClaskey's interview, one of the EDJ representatives left the interview of McClaskey to interview MR, and MR stated to the EDJ representative, among other things, that:
 - a. MR wanted McClaskey to have this money;
 - b. she had no one else; and
 - c. she wanted to give these assets to McClaskey.

STATUTORY PROVISIONS

8. Section 409.6-601(a), RSMo. (Cum. Supp. 2008), states that the Missouri Securities Act of 2003 (the "Act") "shall be administered by the commissioner of securities"
9. Section 409.4-412(d)(12) and (13), RSMo. (Cum. Supp. 2008), provides that a broker-dealer agent may be disciplined if the agent engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance, or insurance business within the previous ten years.
10. Section 409.4-412(f), RSMo. (Cum. Supp. 2008), states:

The commissioner may suspend or deny an application summarily; restrict, condition, limit, or suspend a registration; or censure, bar, or impose a civil penalty on a registrant before final determination of an administrative proceeding. Upon issuance of an order, the commissioner shall promptly notify each person subject to the order that the order has been issued, the reasons for the action, and that within fifteen days after the receipt of a request in a record from the person the matter will be scheduled for a hearing. If a hearing is not requested and none is ordered by the commissioner within thirty days after the date of service of the order, the order becomes final by operation of law. If a hearing is requested or ordered, the commissioner, after notice of and opportunity

for hearing to each person subject to the order, may modify or vacate the order or extend the order until final determination.

CONCLUSIONS OF LAW

11. Respondent McClaskey engaged in dishonest or unethical practices in the securities and/or insurance business(es) by:
 - a. using his position of trust and confidence to become the beneficiary of MR's assets, thus benefitting himself through improper use of a customer's securities or funds, which fails to comply with FINRA (formerly NASD) Conduct Rule 2330(a), which is a dishonest or unethical business practice under MO 15 CSR 30-51.170(1)(BB);
 - b. using his position of trust and confidence to change the beneficiary on MR's variable annuities with the vendor of these annuities and to have McClaskey and/or his wife listed as the beneficiary of these annuities, thus benefitting himself or his spouse through: (1) a deceptive practice, which is a dishonest or unethical business practice under MO 15 CSR 30-51.170(3); or (2) improper use of a customer's securities or funds, which fails to comply with FINRA (formerly NASD) Conduct Rule 2330(a), which is a dishonest or unethical business practice under MO 15 CSR 30-51.170(1)(BB);
 - c. failing to receive written authorization concerning this change of beneficiary status from EDJ, which is a dishonest or unethical business practice under MO 15 CSR 30-51.170(1)(W);
 - d. failing to disclose to EDJ that McClaskey used assets from MR's account to purchase the Florida Property, and thus failing to receive written authorization prior to the transaction, which is a dishonest or unethical business practice under MO 15 CSR 30-51.170(1)(X);
 - e. making unsuitable recommendations to MR, which is a dishonest or unethical business practice under MO 15 CSR 30-51.170(1)(E); and/or
 - f. taking the actions described in subparagraphs a through e, above, which, as a whole, constitute an "act, practice or course of business which operates or would operate a fraud" through manipulative devices or contrivances under MO 15 CSR 30-51.169(1)(G), which is a dishonest or unethical business practice under MO 15 CSR 30-51.170(1)(CC).
12. Respondent McClaskey's engagement in dishonest and unethical practices in the securities and/or insurance business(es) is grounds to suspend Respondent McClaskey's registration as a broker-dealer agent in Missouri pursuant to Section 409.4-412(f), RSMo. (Cum. Supp. 2008).
13. Respondent McClaskey is reasonably likely to have other clients in Missouri who are exposed to or in danger of being subjected to dishonest and unethical practices similar to those described above, and so Respondent McClaskey poses an imminent harm to MR and other Missouri investors, which could manifest itself in irreparable financial losses, heretofore unknown, should he continue in his position as a broker-dealer agent, and thus reasonable grounds exist to summarily suspend Respondent

McClaskey's broker-dealer agent registration.

14. The above-paragraphs numbered 1 through 13 are the reasons for the action taken in this order.
15. This order is necessary and appropriate in the public interest and for the protection of investors and is consistent with the purposes of the Missouri Securities Act of 2003.

Order

NOW, THEREFORE, it is hereby **ORDERED** that the broker-dealer agent registration of Respondent Craig Laverne McClaskey, CRD number 1990517, in the State of Missouri is hereby **SUSPENDED** effective immediately pursuant to Section 409.4-412(f), RSMo. (Cum. Supp. 2008), and that such suspension shall be noted upon and submitted to the CRD immediately.

IT IS FURTHER ORDERED that a hearing on this matter shall be held on December 4, 2009, at 2:00 p.m., at the offices of the Commissioner of Securities, 600 West Main Street, Room 229, Jefferson City, Missouri, 65102.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 1ST DAY OF DECEMBER, 2009.

ROBIN CARNAHAN
SECRETARY OF STATE

(Signed/Sealed)
MATTHEW D. KITZI
COMMISSIONER OF SECURITIES



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Office of Secretary of State

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Respondent.

Serve: Craig Laverne McClaskey
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NOTICE

TO: Respondents and any unnamed representatives aggrieved by this Order:

The above attached order was issued on December 1, 2009.

The reasons for the action are described in the order.

You may request a hearing in this matter within thirty (30) days of the receipt of this order pursuant to Section 409.4-412(f), RSMo. (Cum. Supp. 2008). Within fifteen days after receipt of a request in a record for a hearing, the matter will be scheduled for a hearing, pursuant to Section 409.4-412(f), RSMo. (Cum. Supp. 2008). A hearing has been ordered by the commissioner of securities as described in the above attached order.

A request for a hearing must be mailed or delivered, in writing, to:

Matthew D. Kitzi, Commissioner of Securities
Office of the Missouri Secretary of State
James C. Kirkpatrick State Information Center
600 West Main Street, Room 229
Jefferson City, Missouri, 65102

CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of December, 2009, copies of the foregoing Order and Notice in the above styled case were **mailed by certified U.S. Mail, postage prepaid, to:**

Craig Laverne McClaskey
824 County Road 2275
Moberly, Missouri 65270

And hand delivered to:

Mary S. Hosmer
Assistant Commissioner, Missouri Securities Division

John Hale
Specialist

[\[1\]](#) MR is an eighty-five year-old widow.